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TAGS: [PGOV](#) [PREL](#) [ASCH](#) [TS](#)
SUBJECT: PM GHANNOUCHI ON MIDDLE EAST PEACE, ACST, AND THE
REPORTED PLOT

REF: A. TUNIS 456
[1](#)B. TUNIS 455
[1](#)C. TUNIS 447
[1](#)D. TUNIS 339 AND PREVIOUS
[1](#)E. TUNIS 243

Classified By: Ambassador Robert F. Godec for reasons 1.4 (b) and (d)

Summary

[1](#)1. (C) During a farewell call by the Ambassador on July 10, Tunisian Prime Minister Mohamed Ghannouchi:
-- dismissed the reported plot against US military personnel as &banal8;
-- welcomed the new policies of President Obama and offered Tunisian support on efforts for Middle East peace;
-- pressed for the American Cooperative School of Tunis (ACST) to sign the Ministry of Finance,s tax agreement and leave other issues for future resolution; and,
-- thanked the Ambassador for his contributions to bilateral relations.

[1](#)2. (C) The Ambassador:
-- asked the GOT to do more to support US efforts to achieve peace in the Middle East, noting President Obama,s letter to President Ben Ali;
-- made clear the US Government wants a global resolution soon of the issues regarding ACST;
-- urged the GOT to do more to open up the political process, including strengthening freedom of expression and association, in advance of the upcoming elections; and
-- thanked the Prime Minister for his friendship and assistance.
End Summary.

Farewell Call

[1](#)3. (C) On July 10, the Ambassador paid his farewell call on Prime Minister Mohamed Ghannouchi. The Prime Minister was accompanied by his international affairs advisor, Diplomatic Counselor Youssef MeKaddem. The Ambassador was accompanied by acting Pol/Econ Counselor Laura Byergo (notetaker).

Reported Plot Against the US Military Not Serious

[1](#)4. (C) The Ambassador asked for information regarding the reported plot to attack US military personnel (Ref C). Ghannouchi said the case was "banal," suggesting it posed no real threat. The group had nothing to do with Al-Qa'ida in the Islamic Maghreb, he added. Ghannouchi said the Middle

East region needs more security and praised the Obama administration for improving the political atmosphere and thereby reducing the ability of extremists to recruit.

Middle East Peace: PM Welcomes Obama Administration Efforts

15. (C) The Ambassador stressed the importance of progress on Middle East peace and the other challenges in the region. He underscored that President Obama began his efforts for peace on his first full day in office and asked for the Prime Minister's impressions of the Cairo speech. The Ambassador noted, too, that he had delivered to Minister of State Ben Dhia July 9 a letter from President Obama to President Ben Ali on the peace process (Ref B). He stressed that the United States cannot bring peace alone, and asked for Tunisia's support and assistance.

16. (C) Ghannouchi praised President Obama and his policies, noting the Cairo speech had changed political rhetoric in the region. The speech, he said, had brought hope. Ghannouchi welcomed Senator Mitchell's efforts, and referred to the good meeting the two held in April (Ref E). He expressed appreciation for the Administration's clear support for a two state solution, its pragmatic approach to Iran, and its focus on the Taliban in Afghanistan. All, he said, need to be pushed forward. Now the Administration needs concrete achievements, he stressed. Finally, Ghannouchi emphasized that the United States can count on the GOT to work with it for peace in the region. Support for peace and for US efforts to advance it are integral parts of GOT policy, he said.

ACST: Be Flexible, Accept the Tax Agreement

17. (C) Ghannouchi raised ACST and asked for the US Government and the school to be flexible and settle the tax dispute immediately. Then, he said, other issues (land and status) could be settled, implying that the resolution would be favorable. He referred to the ACST issues as a "grain of sand" in our relations. The Ambassador stressed that the United States and ACST have agreed, in principle, to the tax settlement. Nevertheless, the land and status questions remain open and the United States prefers a global resolution. He stressed that the school is fully prepared to pay just, fair and reasonable taxes going forward. The Ambassador pointed out that because both the tax and land issues involved money, it is best both be settled together. He noted the Embassy had sent a draft bilateral agreement to the MFA and expressed hope an agreement could be concluded soon.

18. (C) The Prime Minister repeated, using several formulations, his request for ACST and the US Government to separate the tax issue from other questions and to proceed to settlement. The Ambassador pointed out that the Ministry of Finance was asking the impossible by refusing to provide ACST with a copy of the tax agreement and demanding that it simply be signed on the spot. Many school board members are out of the country and no member who is here has the authority to sign any agreement. For someone to be given such authority, ACST needs a copy of the proposed agreement and an opportunity for the board and Department of State lawyers to review it. Finally, the Ambassador said the Ministry of Finance's demand that the school produce a check for one million dinar in 24 hours was also unrealistic and could not be met. The Ambassador noted that ACST's US bank had blocked much of the school's account in response to the GOT's action and it would take time to unblock it.

19. (C) Ghannouchi expressed surprise that the school had not received the tax document but continued to press for the US Government to accept a piecemeal approach to solving the

problem. The Ambassador finally said he would convey the message to Washington; but noted again that while multiple ministries may be involved, ACST needs to know its full obligations to the GOT before it could agree to anything. The Ambassador asked why the GOT was unwilling to conclude a global school agreement with the United States as it had with France and Italy. The Prime Minister demurred, suggesting the cases were different.

Bilateral Relations: More Political Progress Needed

¶10. (C) The Ambassador expressed appreciation for Ghannouchi's friendship and all he had done to advance US-Tunisian relations. He gave the GOT credit for the significant economic and social progress it has made but said more could be done in the political arena. He noted the opportunity presented by the upcoming presidential and legislative elections, saying progress was specifically needed on freedom of expression and association. The Prime Minister said that when a country makes progress in some areas, more is always asked of it.

¶11. (C) The Ambassador also highlighted the progress that has been made in the past three years on US-Tunisian military cooperation (notably in increased US assistance), relations between Congress and the Chamber of Deputies, and on cultural programming, including increased English-language instruction. The Ambassador noted the Mission,s considerable efforts to deepen economic and commercial cooperation. Ghannouchi seconded the successes in developing and diversifying the relationship, specifically emphasized the security relationship. He added, it is always possible to do more, expressing a desire for deepening economic relations. He said as Tunisia is dealing with the financial crisis, efforts on the economic side to encourage business contacts and foreign investment are key. He hoped that the increased interest shown by US companies in the last year would lead to tangible results. The Prime Minister expressed appreciation for all the Ambassador had done for Tunisia and for US-Tunisian relations.

Comment

¶12. (C) PM Ghannouchi is one of Tunisia,s brightest and most effective officials. He justifiably receives much of the credit for the country,s generally good economic governance. He is untainted by rumors of personal corruption. The Prime Minister,s commitment that the GOT will work with the United States on Middle East peace, and his praise for President Obama, were welcome even if not new. The Prime Minister clearly understood that the new US Administration has created a unique opportunity for peace. Nevertheless, the GOT is always slow to take actions that may pose a risk. We should continue to ask them to take concrete steps to back up their promises of support.

¶13. (C) The Prime Minister,s repeated efforts to persuade the Ambassador to separate the ACST tax deal from other issues was notable. Ghannouchi clearly understood the Ambassador,s explanation of the ACST and USG position, but pressed for the school to sign the tax deal now. We continue to believe it is essential for ACST to have a global deal before signing specific agreements, however. The good news is that we have the attention of the GOT,s highest officials and they say they want to reach a resolution. We need to continue to make clear our position at all available opportunities. If we do, we may be able to conclude a deal.

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